

Island Incentives: Lights, Rebates, Action!

A Proposal for Production Services in the
Canary Islands with Lucrative Tax Rebates.

GLASS
FROG
PRODUCTIONS



1. Introduction

We are thrilled to present a groundbreaking proposal poised to deliver significant production cost savings and drive innovation in the film and television industry within the Canary Islands. This transformative approach hinges on strategic partnerships with production services in the region, bolstered by enticing tax rebates.

International productions engaging with [services](#) in the Canary Islands stand to benefit from substantial deductions ranging from [50% to 54% of the incurred costs](#). These deductions are designed to incentivize private financing within the film and television sector, particularly amidst the dwindling availability of public aid and subsidies for the audiovisual industry



GLASS
FROG
PRODUCTIONS



2. Opportunities for Film, Animation & TV

The Canary Islands government has identified the film, animation and television industry as a booming market with immense potential for growth and profitability. To encourage international investment, foreign productions in the Canary Islands offer appealing tax deductions for expenses incurred in the territory.

[GlassFrog Productions](#) aims to help international productions take advantage of this opportunity by leveraging the creative talents of various artists and combining them with the associated financial incentives.



GLASS
FROG
PRODUCTIONS



3. Importance of Production Services

Animation and live-action production services are pivotal in **enabling expense deductions for foreign productions in the Canary Islands**. Acting as a crucial link between international production companies and the region's advantageous tax incentives, these services facilitate seamless operations.

By **collaborating with local production services in the Canary Islands**, foreign productions can efficiently execute projects at lower costs, capitalizing on the region's scenic beauty and abundant resources. This not only enhances the visual quality of the projects but also ensures financial feasibility, thanks to available tax rebates and incentives.

In essence, production services play a vital role in optimizing the financial aspects of animation and live-action projects while harnessing the unique allure of the Canary Islands as a prime filming location.

GLASS
FROG
PRODUCTIONS



4. Tax Rebates in the Canary Islands

The Canary Islands provide enticing tax rebates for animation and live-action production services, positioning it as a premier location for industry innovation. Under the Canarian regime of art. 36.2 LIS, eligible productions can benefit from rebates ranging from 50% to 54% for the first million euros spent, followed by a 45% rebate for subsequent expenses incurred within Spanish territory.

Base of the deduction:

The base of the deduction includes creative staff costs, applicable only to European Tax Residents, as well as expenses related to the use of technical industry services and other suppliers.

Limit of the deduction:

There are no limits as of May 2024.

(New announcement from the Spanish Government)

To take advantage of these benefits, hiring a local service company such as Glassfrog Productions and maintaining a minimum expenditure in the Canary Islands is required.



GLASS
FROG
PRODUCTIONS



5. Tax Rebate Requirements

To qualify for tax rebates in Spain, producers must adhere to specific requirements outlined by Order CUD/464/2021:

- Obtain the *Certificate of Culturability*, as per the mentioned order.
- *Credit acknowledgment in the film* must include the utilization of tax incentives in Spain, along with recognition of the public organizations and Film Commissions involved.
- Foreign producers may authorize the use of the work's title, graphic and audiovisual press materials showcasing specific filming locations, or any production procedures conducted in Spain for promotional purposes related to culture, economy, and tourism.

Additional requirements include:

- Minimum expenses incurred in Spanish territory: > €1M.*
- Minimum expenditure for animation works: > €200,000.
- Minimum expenditure for VFX and post-production works under a budget: > €200,000.

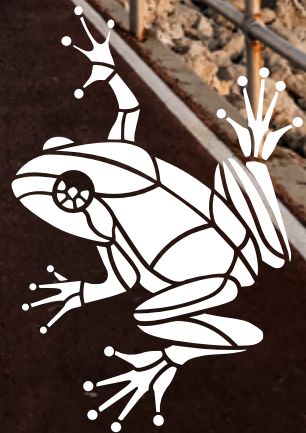
Furthermore, the MININIS REGIMEN entails:

- Total production budget: > €2M.
- Producers must be registered in the Registry of Film Companies of the Ministry of Culture and Sport.

*For deductible costs, reference should be made to the following documents: DGT V1746-15, V3910-16, V2121-15, V3217-16, V2402-15.



GLASS
FROG
PRODUCTIONS



6. Proposed Partnership Framework

To ensure the seamless provision of production services in the Canary Islands, we recognize the need for a structured partnership framework. We are excited to present a proposal for an animation or live-action production service partnership between [GlassFrog Productions](#) and [international or European studios](#). Our aim is to bring your IPs to life against the stunning backdrop of the Canary Islands.

This initial step seeks to harness our combined creative expertise to produce exceptional animated/live-action content while capitalizing on the unique opportunities offered by this picturesque location. In the meantime, we will provide a preliminary budget outlining rough costs and proposed dates.



7. Project Overview

To ensure the successful acquisition of tax rebates and incentives provided by the Canary Islands government, we will undertake the following steps:

- 1. Eligibility Verification:** We will conduct a thorough review of the project to ensure compliance with all criteria outlined in the tax rebate program, including minimum expenditure requirements.
- 2. Application Submission:** We will meticulously prepare and submit all necessary applications and supporting documentation to the relevant regional authorities. Additionally, we will provide a detailed breakdown of the budget (an overview budget is enclosed separately as a PDF).
- 3. Compliance Assurance:** Throughout the production process, we will rigorously adhere to the guidelines and stipulations set forth by the rebate program to ensure continuous eligibility.
- 4. Financial Transparency:** We will establish a transparent financial tracking system to meticulously record all qualifying expenses in accordance with program requirements.



8. Next steps

- Review the preliminary overview budget and suggested timeline (which will be sent across).
- Following the review, to progress our production service initiative, we will delve deeper into the specifics, including **budgeting, project timeline, and contractual agreements**.
- **PSA (Production Service Agreement)**, which is essential to commence the production service process, as well as initiating the process of securing the necessary permits and approvals for production in the Canary Islands.



Collaborators and sponsors

